

AMENDED AND RESTATED

BYLAWS

OF

SMITHFIELD IRRIGATION COMPANY

ADOPTED March 13th 2019

TABLE OF CONTENTS

ARTICLE I. - NAME	1
ARTICLE II. - DURATION.....	1
ARTICLE III. - PURPOSE.....	1
ARTICLE IV. - SHARES.....	1
A. CLASSES OF SHARES.....	1
B. RIGHT OF FIRST REFUSAL.....	4
C. APPURTENANCE TO LAND.....	5
D. TRANSFER OF SHARES.....	5
E. DESCRIPTION OF SHARE CERTIFICATES.....	6
F. CONDITIONS AND RESTRICTIONS ON SHARES.....	7
G. LOST, STOLEN, OR DESTROYED CERTIFICATES.....	8
H. MEMBER OF RECORD.....	8
ARTICLE V. - CANCELLATION OF SHARES	9
ARTICLE VI. - FISCAL YEAR	9
ARTICLE VII. - PRINCIPAL OFFICE & REGISTERED AGENT	9
ARTICLE VIII. - BOARD OF DIRECTORS	9
A. REPRESENTATION AND ELECTION OF DIRECTORS.....	9
B. POWERS & DUTIES OF DIRECTORS.....	10
C. TENURE & QUALIFICATIONS OF DIRECTORS.....	10
D. RESIGNATION OF DIRECTORS.....	11
E. REMOVAL OF DIRECTORS.....	11
F. VACANCIES.....	11
G. CONTRACTS, LOANS, OR OTHER OBLIGATIONS.....	11
H. HANDLING OF FINANCIAL MATTERS.....	12
I. VOTING.....	12
J. QUORUM.....	12
K. REGULAR BOARD MEETINGS.....	12
L. SPECIAL BOARD MEETINGS.....	12
M. ELECTRONIC MEETINGS.....	13
N. NOTICE OF BOARD MEETINGS.....	13
O. WAIVER OF NOTICE.....	13
P. PRESUMPTION OF ASSENT.....	13
ARTICLE IX. - OFFICERS	13
A. ELECTION OF OFFICERS.....	13
B. DUTIES OF OFFICERS.....	14
1. PRESIDENT.....	14
2. VICE-PRESIDENT.....	15
3. SECRETARY.....	15
4. TREASURER.....	16
C. RESIGNATION OF OFFICERS.....	17
D. REMOVAL OF OFFICERS.....	17
E. VACANCIES.....	17
ARTICLE X. - COMPENSATION	17
A. COMPENSATION OF DIRECTORS.....	17
B. COMPENSATION OF OFFICERS.....	17
C. COMPENSATION OF EMPLOYEES.....	18
ARTICLE XI. - MEMBERS.....	18
A. ANNUAL MEETINGS.....	18

B. SPECIAL MEETINGS.....	18
C. CALLING SPECIAL MEETINGS.....	18
D. NOTICE.....	18
E. MAILING NOTICE.....	19
F. WAIVER OF NOTICE.....	19
G. VOTING LIST & MEMBER OF RECORD DATE.....	19
H. VOTING.....	20
I. PROXY.....	20
J. VOTING BY CERTAIN TYPES OF MEMBERS.....	21
1. CORPORATE AND GOVERNMENTAL MEMBERS.....	21
2. REPRESENTATIVE MEMBERS.....	21
3. MEMBERS IN RECEIVERSHIP.....	21
4. MEMBERS OF PLEDGED SHARES.....	21
5. TREASURY SHARES.....	21
K. QUORUM.....	22
L. ORDER OF BUSINESS.....	22
ARTICLE XII. - SERVICE AREA.....	23
ARTICLE XIII. - WATER DELIVERY.....	23
A. DUTY OF THE COMPANY.....	23
B. WATER MASTER.....	23
C. WATER BANKING.....	23
D. RENTAL OF SHARES.....	23
ARTICLE XIV. - EXPANSION OF WATER SYSTEM.....	23
ARTICLE XV. - CHANGE APPLICATIONS.....	24
A. CHANGE APPLICATION POLICIES.....	24
B. REQUESTS FOR CHANGE APPLICATION.....	25
C. CONSIDERATIONS.....	25
D. DECISION BY THE COMPANY.....	26
E. APPLICATION TO THE DIVISION OF WATER RIGHTS.....	27
F. CANCELLATION.....	28
ARTICLE XVI. - ASSESSMENTS.....	28
A. NOTICE OF ASSESSMENT.....	28
B. DELINQUENCY.....	29
C. NOTICE TO MEMBER.....	29
D. NOTICE OF DELINQUENCY AND SALE.....	30
E. JURISDICTION TO SELL SHARES.....	30
F. PURCHASE OF DELINQUENT SHARES BY COMPANY.....	31
G. EXTENSION OF TIME SPECIFIED IN NOTICES.....	31
H. ERRORS OR OMISSIONS IN PROCEEDINGS.....	31
I. ACTIONS TO RECOVER SHARE SOLD.....	32
J. AFFIDAVIT OF NOTICE PROVIDED.....	32
ARTICLE XVII. - INSPECTION OF RECORDS.....	33
ARTICLE XVIII. - INDEMNIFICATION.....	33
ARTICLE XIX. - ANNUAL FINANCIAL REPORT.....	34
ARTICLE XX. - SHAREHOLDER LIABILITY.....	35
ARTICLE XXI. - AMENDMENTS TO THE BYLAWS.....	35
ARTICLE XXII. - SEVERABILITY CLAUSE.....	35

**BYLAWS
of
SMITHFIELD IRRIGATION COMPANY**

ARTICLE I. - NAME

The name of this nonprofit mutual corporation is Smithfield Irrigation Company (hereinafter referred to as the “**Company**”).

ARTICLE II. - DURATION

The period of duration of the Company shall be perpetual, unless sooner terminated in the manner provided by law.

ARTICLE III. - PURPOSE

The Company is a nonprofit mutual water company that operates a water system for the benefit of holders of membership shares of the company (“**Members,**” or individually, “**Member**”). The Company may engage in any act or activity allowed by law in accordance with the provisions of the Utah Revised Nonprofit Corporation Act, as amended, specifically including the acquisition, diversion, conveyance, and distribution of water to its Members and to provide for the continuation of the rights and interests of the Company, its predecessor entities, and Members of such entities by continuing, replacing, and/or acting as the successor-in-interest to such entities.

ARTICLE IV. - SHARES

A. **CLASSES OF SHARES.** As provided in the Company’s Articles of Incorporation, there shall be separate classes of stock as follows:

1. **CLASS A (Common and Water Entitlement)** – This class of stock shall be issued to represent the shareholder’s proportionate interest in the assets of the

Company, subject to the following:

i. Only holders of Class A stock shall be entitled to receive Company water, and the number of Class A shares held shall be determinative of the total quantity of Company water which a shareholder is entitled to receive through any of the Company's systems. A shareholder's entitlement to water arises under the Class A stock and not under the shareholder's System Stock (as defined in subparagraph IV.2 below). The holder of Class A stock may only receive water under Class A shares: (a) in conjunction with shares of System Stock; or (b) if the holder of Class A stock follows the change application process outlined in Article XV.

ii. One share of Class A common stock shall entitle the holder thereof to its proportionate share of the Company's water supply, representing approximately 3.0 acre-feet and no more than 4.0 acre-feet per irrigation season in an average year, which shall be adjusted annually during the course of any given year and from year-to-year depending upon the available water supply.

iii. Water under Class A stock generally may be called for and used only upon those acres included within the acreage identified of record with the Utah Division of Water Rights as the authorized place of use of the Company's water supply, and specifically upon those acres which are represented by the System Stock.

iv. The number of shares of Class A stock shall be determinative of the amount to be paid by each Member for that Member's share of the cost of operating, maintaining, repairing, and replacing any of the Company's systems.

2. SYSTEM STOCK – Classes of stock other than Class A Stock shall constitute System Stock and shall be issued to users depending on the water distribution systems identified in subparagraph IV.A.2.i through which that shareholder receives his Class A stock. If a member holds only System Stock without holding or having the right to use shares of Class A Stock, the Board may, in its sole discretion, cancel such System Stock. The number of shares of System Stock shall limit water usage according to the provisions of subparagraph IV.A.2.ii. And assessment of System Stock shall occur according to subparagraph IV.A.2.ii.

i. Water System Share Classification

1. CLASS B – South Smithfield Distribution System
2. CLASS C – Brickyard Distribution System
3. CLASS D – West Distribution System
4. CLASS E – City Distribution System
5. CLASS F – Ditch (nonpressurized) Distribution System
6. CLASS G – Potential Future Class G System
7. CLASS H – Potential Future Class H System

ii. Water deliveries within any of the systems are, in addition to the quantity limitations under subparagraph IV.A.1.ii above, limited as follows:

1. For a connection providing water to more than one acre of land outside of the City Distribution System (an “Agricultural Connection”), the number of shares of System Stock is the maximum number of acres that a Member may irrigate with his Class A water within the system associated with such System Stock.

2. For a connection to the City Distribution System or for a connection within another system that provides water to one acre of land or less (a "Residential Connection"), a Member must hold at least one (1) share of System Stock for each one-inch (1") connection to the system associated with such System Stock,. For a two-inch (2") connection to the City Distribution System or a Residential Connection made after August 11, 2015, a Member must hold at least four (4) shares of System Stock for the system to which such connection is made. Multifamily dwellings and commercial developments shall have a separate connection for each structure other than sheds, unattached garages, or parking structures. Mobile home parks shall have a separate connection for every five mobile home spaces.

iii. Assessments on the System Stock shall be determined based on the costs of initially constructing and installing the system associated with such System Stock, including ongoing loan payments associated with such installation. The Board of Directors may, in its discretion, also levy assessments on System Stock to pay for major improvements to a particular system.

B. RIGHT OF FIRST REFUSAL. In the event a Member owning a share desires to sell or otherwise transfer all or any portion of his Class A shares in the Company, he shall first give to the Company written notice of his intentions, which notice shall contain the name and address of the proposed transferee, the price, terms, number of shares proposed to be transferred, and where the transferee proposes to use the shares. Such notice shall constitute an offer to sell those interests to the Company upon reasonable terms and conditions and for the price contained

in the bona fide offer. If a transfer is proposed for which no monetary consideration is proposed (as, for example, in the case of dedication of shares to a municipality for development), then the price for purposes of this paragraph shall be a reasonable price based on the best information available to the Company of recent sales of Class A shares. The Company shall have sixty (60) days in which to exercise its right of first refusal and accept the offer to transfer. This paragraph shall not apply to a share or shares sold together with real property to which water has been delivered under said shares. The seller of such real property bears the sole responsibility to recover the value of such share or shares in any such sale. Additionally, this paragraph shall not apply to a share or shares sold together with System Stock if such transfer of System Stock separate from the land to which it is appurtenant is duly approved by the Board of Directors as provided in paragraph IV.C. Any transfer of Company shares that is made not in compliance with this paragraph is void *ab initio*.

C. APPURTENANCE TO LAND. All System Stock shall be deemed to be appurtenant to the land described on the records of the Company, and a member shall not be entitled to separately convey or transfer ownership of System Stock off the land without the express written approval of the Board of Directors of the Company. Each share certificate for System Stock shall bear a caption noting this appurtenance.

D. TRANSFER OF SHARES. Shares in the Company are transferable on the books of the Company only in accordance with the following procedures and subject to, where required by these Bylaws, approval of said transfer by the Board of Directors.

1. The share certificate must be presented to the Company's Secretary signed by the person in whose name the share appears on the Company's books, by his or her legal representative(s), or by his or her duly authorized agent. The name of the new

owner shall be included in the space provided. The share certificate must be surrendered to the Secretary and canceled.

2. The fee charged to a shareholder for a certificate change shall be duly set by resolution of the Board of Directors. All past due balances must be paid before a new certificate is issued.

3. The name, address, and telephone number of the new owner must be provided to the Company.

4. Shares may be transferred only in increments as determined by the Board of Directors from time to time, but in no event shall the transfer result in a fractional share smaller than 1/3 of an A share.

5. No transfer shall be made upon the books of the Company within ten (10) days immediately preceding the annual meeting of the Members.

6. It is the Member's responsibility to bring transfers of shares to the attention of the Company. Until the above steps are taken, the owner of shares as recorded on the Company's books remains legally responsible to the Company for payment of all obligations owed to the Company.

7. Any transfer that results or is intended to result in a change to underlying water right with regard to point of diversion, time, place, or nature of use must be done in accordance with this Article IV and with Article XV of these bylaws regarding change applications.

E. DESCRIPTION OF SHARE CERTIFICATES. The certificates of shares in the Company shall be in such form as shall be determined by the Board of Directors. The certificates shall be consecutively numbered and duly signed by the President or such other officer

authorized by law and by the Board of Directors, and countersigned by the Secretary and sealed with the seal of the Company. The certificates shall exhibit the Member's name, the total number of shares represented thereby. Share certificates for System Stock shall bear the following clause in a conspicuous location, be at least the same size font as surrounding text (or larger), and be a different color:

THIS STOCK IS DEEMED TO BE APPURTENANT TO THE LAND DESCRIBED ON THE REVERSE SIDE HEREOF. TRANSFER OF THIS STOCK IS RESTRICTED PURSUANT TO THE ARTICLES AND BYLAWS OF THE COMPANY AND IS SUBJECT TO RESTRICTIONS ON TRANSFER SEPARATE FROM THE LAND ON WHICH THE SHARES HAVE HISTORICALLY BEEN USED.

Share certificates for Class A Stock shall bear the following clause in a conspicuous location, be at least the same size font as surrounding text (or larger), and be a different color:

TRANSFER OF THIS STOCK IS RESTRICTED PURSUANT TO THE ARTICLES AND BYLAWS OF THE COMPANY. SALE OR TRANSFER MAY BE SUBJECT TO A RIGHT OF FIRST REFUSAL IN THE COMPANY.

Certificates shall also exhibit any other condition(s) or restriction(s) placed thereon, and any other information designated by the Board of Directors. Such information shall be perpetuated on any and all subsequent transfers of such shares. The name and address of the Member, the number of shares, the nature and place of use, and any condition(s) or restriction(s) placed thereon, and the date of issue shall be entered in the share transfer books of the Company, which shall be kept at the principal office of the Company.

F. CONDITIONS AND RESTRICTIONS ON SHARES. Upon written request and 15 days' notice from the Company, share certificates shall be surrendered to the Company for re-issuance to the Member with any reasonable condition(s) or restriction(s) written thereon. As an

alternative to requesting surrender and reissue of a share certificate, the Company may affix a sticker or place a stamp on the existing share certificate containing any reasonable condition(s) or restriction(s). Upon receipt of such a sticker, the Member shall promptly place the sticker on the original share certificate.

G. LOST, STOLEN, OR DESTROYED CERTIFICATES. If a person claims that he is the rightful owner of the share or shares and that the certificate has been lost, stolen, or destroyed, the Board of Directors may, at its discretion, direct that a new certificate be issued in accordance with the procedure provided in Utah Code § 70A-8-409.1 (the “**Replacement Statute**”). A person requesting a replacement certificate shall submit to the Company Secretary a completed Request for Replacement Certificate (“**Replacement Form**”) in substantially the same form as that attached hereto as **Attachment “A,”** along with an application fee in an amount duly set by the Board of Directors. The Company shall not process the Replacement Form unless the application fee has been paid and all assessments related to the shares represented by the lost, stolen, or destroyed certificate have been paid current. If the Company’s costs in processing the Replacements Form exceed the amount of the application fee under this paragraph, the person filing the Replacement Form shall reimburse Company for those costs before a replacement certificate is issued. If the Board of Directors decides to proceed under subsection (5) of the Replacement Statute, the notices required thereunder shall be substantially in the form as that attached hereto as **Attachment “B”**. If any person objects to the Company issuing a replacement certificate, the Board of Directors may, in its sole discretion, elect to proceed in any of the alternatives provided in subsection (5)(f) of the Replacement Statute (or any successor provision).

H. MEMBER OF RECORD. The Company shall be entitled to treat the holder of

record according to the share transfer books of the Company of any share as the holder in fact thereof, and shall not be bound to recognize any equitable claim or other claim to, or interest in, such share on the part of any other person whether or not the Company shall have express or other notice thereof, except as expressly provided by the laws of this State.

ARTICLE V. - CANCELLATION OF SHARES

If any water rights held by the Company are lost because of forfeiture or abandonment, whether through a forfeiture action or by reduction in a general determination of water rights under Chapter 4 of Title 73 of the Utah Code based on lack of use, the Board of Directors, in its sole judgment, may apportion the loss to the stockholder(s) responsible for causing such forfeiture, abandonment, or reduction, and may cancel a proportionate share of the stock of said shareholder(s), or use any other reasonable means necessary to reflect the loss of the Company's water right(s) resulting therefrom.

ARTICLE VI. - FISCAL YEAR

The fiscal year of the Company shall be from March 1st to the last day of February of each year (either the 28th or 29th, as applicable).

ARTICLE VII. - PRINCIPAL OFFICE & REGISTERED AGENT

The principal place of business and registered agent of the Company shall be as provided in the Company's Articles of Incorporation and may be changed from time to time by the Board of Directors in accordance with the provisions of the Utah Revised Nonprofit Corporation Act.

ARTICLE VIII. - BOARD OF DIRECTORS

A. REPRESENTATION AND ELECTION OF DIRECTORS. The current Board of Directors consists of five (5) Directors elected by the Company's Members, and the Board shall be expanded to seven (7) Directors if more than 250 shares of Class G or H stock are issued and

outstanding. Elections for directorships shall be held at the annual meetings of the Company. The person receiving the highest number of votes for each position open shall be elected thereto. If there shall be a failure to elect the necessary Director(s) at the annual meeting, the Board or President shall call and give notice of a special shareholder meeting for the purpose of electing the necessary Director(s). The members of the Board of Directors shall consist of one (1) Director elected by the Class A Members, one (1) Director elected by the Class B Members; one (1) Director elected by the Class C Members; one (1) Director elected by the Class D Members; one (1) Director elected by the Class E Members. If more than 250 shares of either Class G or H stock is issued and outstanding, the Board of Directors shall be expanded to seven (7) members and the two additional members shall consist of one (1) additional Director elected by the Class A Members, and one (1) Director elected by the Class G or H Members, whichever has more than 250 shares issued. If more than 250 shares of both Class G and H stock are issued and outstanding, then the Class G Members shall elect one of seven (7) directors and the Class H Members shall elect one of seven (7) directors.

B. POWERS & DUTIES OF DIRECTORS. The Board of Directors shall have the control and general management of the affairs and business of the Company. The Directors shall in all cases act as a regularly convened Board and may adopt such rules and regulations for the conduct of meetings and the management of the Company as may be deemed proper, so long as they are not inconsistent with these Bylaws, the Company's Articles of Incorporation, and the laws of the State of Utah.

C. TENURE & QUALIFICATIONS OF DIRECTORS. Each director shall be either a Member of the Company owning at least one (1) Class A share in the Company, or a duly appointed representative of a Member owning at least one (1) Class A share in the Company if

the Member is not a natural person. The normal term of a directorship is five years. Directors shall serve staggered terms, and at each annual meeting, there shall be elected at least one Director for a term of five years. In circumstances where more than one Director is up for election at the annual meeting, the Board may set a term of less than five years for one or more Director positions to facilitate regular, staggered five-year terms in the future. Directors shall serve until their successors have been elected and qualified, or until death, resignation, or removal.

D. RESIGNATION OF DIRECTORS. A Director may resign at any time by giving written notice to the Board of Directors. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board, regardless of whether or not it is accepted by the Board.

E. REMOVAL OF DIRECTORS. Any or all of the Directors may be removed for cause by a majority vote of the Members at a duly called Member meeting where a quorum is present or by a majority vote of the Board of Directors at a duly called Board meeting. A Director may be removed without cause only by a majority vote of the Members at a duly called shareholder meeting.

F. VACANCIES. A vacancy caused by the resignation, removal, or death of a Director shall be filled by a Director appointed and approved by a majority vote of the Board of Directors at a duly called Board meeting. The Director so elected shall hold office until the next regular election or until a special shareholders' meeting is called for that purpose, at which time the director shall be elected for the unexpired term of his or her predecessor.

G. CONTRACTS, LOANS, OR OTHER OBLIGATIONS. No contract, loan, or other such obligation shall be executed in the name of, or on behalf of, the Company by any

officer or agent of the Company unless authorized to do so by majority vote of the Board of Directors at a duly called board meeting. This provision does not prevent the Board from adopting a resolution generally authorizing certain types of contracts, loans, or other obligations.

H. HANDLING OF FINANCIAL MATTERS. All contracts, loans, checks, notes, evidences of indebtedness, and other such documents shall be signed by the officers as specified in these Bylaws or by such persons as the Board of Directors may from time to time designate in such manner as shall be determined by the Board. All funds of the Company not otherwise employed shall be regularly deposited to the credit of the Company in such financial institution(s) as the Board of Directors shall designate.

I. VOTING. At all meetings of the Board of Directors, each director is to have one (1) vote. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

J. QUORUM. A majority of the Directors on the Board shall constitute a quorum of the Board. If a quorum shall not be present at any meeting of the Board of Directors, those present may adjourn the meeting, from time to time, until a quorum shall be present.

K. REGULAR BOARD MEETINGS. A regular meeting of the Board of Directors may be held without any notice, other than that given by this Bylaw, immediately following and at the same location as the annual meeting of Members. The Directors may provide by resolution, the time and place for additional regular meetings without any notice other than that given by such a resolution.

L. SPECIAL BOARD MEETINGS. Special meetings of the Board of Directors may be called by the President or by the written request of any two Directors given to the President. The President shall fix a time and place for the meeting that is reasonable under the

circumstances.

M. ELECTRONIC MEETINGS. Any meeting of the Board may be called and held electronically provided all directors participating are able to hear each other during the meeting.

N. NOTICE OF BOARD MEETINGS. Meetings of the Board of Directors, regular or special, may be held upon such notice as the Board may prescribe by resolution. Attendance of a Director at any meeting shall constitute waiver of notice of such meeting except where such Director attends a meeting for the express purpose of objecting to the transacting of any business at that meeting because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

O. WAIVER OF NOTICE. Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

P. PRESUMPTION OF ASSENT. A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that director's dissent is entered in the minutes of the meeting or unless he or she shall file written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent, by registered or certified mail, to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IX. - OFFICERS

A. ELECTION OF OFFICERS. The Board of Directors shall elect a President and Vice-President. The President shall appoint a Secretary and Treasurer. The President and Vice-

President shall be Directors. The President shall act as the Chairman of the Board of Directors. The President cannot also serve as the Secretary or Treasurer. The Board of Directors may require the Secretary, Treasurer, or any other officer or employee of the Company to give to the Company such security or bond for the faithful discharge of his or her duties as the Board may direct.

B. DUTIES OF OFFICERS. The duties and powers of the officers of the Company shall be as follows:

1. PRESIDENT. The President shall be the principal executive officer of the Company and, subject to the direction of the Board, shall supervise and control all of the business and affairs of the Company. The President shall preside at all meetings of the Members and of the Board of Directors. The President shall: present a report of the condition of the business of the Company at each annual meeting of the Members and directors; cause to be called regular and special meetings of the Members and Directors in accordance with these Bylaws and the Company's Articles of Incorporation; appoint and remove, employ and discharge, and fix the compensation of all employees and agents of the Company other than the duly appointed officers, subject to the approval of the Board of Directors; sign and make all contracts and agreements in the name of the Company, subject to the approval of the Board of Directors; see that the books, reports, statements and certificates required by the statutes are properly kept, made, and filed according to law; sign all certificates of shares, notes, drafts, or bills of exchange, warrants or other orders for the payment of money duly drawn by the Secretary or Treasurer; and enforce these Bylaws and perform all the duties incident to the position and office and which are required by law.

2. VICE-PRESIDENT. During the absence or inability of the President to render and perform the President's duties or exercise the President's powers, as set forth in these Bylaws or in the statutes under which the Company is organized, the same shall be performed and exercised by the Vice-President and, when so acting, the Vice-President shall have all the powers and be subject to all the responsibilities hereby given to or imposed upon such President. The Vice-President shall also perform such other duties as are from time to time assigned by the President or the Board of Directors.

3. SECRETARY. The Secretary shall keep the minutes of the meetings of the Board of Directors and of the Members in appropriate books; shall give and serve all notices of the Company; and shall be custodian of the records and of the corporate seal and affix the latter when required. In addition, the Secretary shall: keep the share transfer books in the manner prescribed by law and by these Bylaws so as to show at all times the amount of shares issued and outstanding, the names and addresses of the owners thereof, the number of shares owned by each, the nature and place of use of the water associated with each share, the branch of the water system in which the owner is to receive his or her share of water, time at which each person became the owner thereof, and such other information as is appropriate; keep such share transfer books open and available, subject to the inspection of any Member of the Company at a reasonable time and place as mutually agreed upon by the Secretary and the Member seeking to review said books, and permit such Member to make extracts from said books to the extent prescribed by law; have charge and custody of, and be responsible for, preparing warrants for the disbursement of Company funds and transmitting the warrants to the Treasurer for payment, all funds and securities of the company not delegated to the Treasurer; and

receive and give receipts for moneys due and payable to the Company from any source whatsoever, and deposit all such moneys in the name of the Company in such banks, trust companies, or other depositories as shall be selected in accordance with these Bylaws. The Secretary shall also sign all certificates of shares; shall present to the Board of Directors at their meetings all communications addressed to the Secretary officially, by the President, or any officer or Member of the Company; and shall attend to all correspondence and perform all duties incident to the office of Secretary. The Secretary shall also perform such other duties as are from time to time assigned by the President or the Board of Directors. The Board may appoint an assistant secretary and delegate to such assistant secretary any of the duties of the Secretary. The assistant secretary need not be a member of the Board of Directors.

4. TREASURER. The Treasurer shall: have the care and custody of and be responsible for all the funds and securities of the Company; prepare checks for payment of Company expenses for signing by the Secretary and President; deposit all such funds in the name of the Company in such bank or banks, trust company or trust companies, or safe deposit vaults as the Board of Directors may designate; exhibit at all reasonable times the Company's books and accounts to any director or Member of the Company upon application at a mutually agreeable time and place; render a statement of the conditions of the finances of the Company at each regular meeting of the Board of Directors and at such other times as shall be required, as well as a full financial report at the annual meeting of the Members; keep, at the office of the Company, correct books of account of all its business and transactions and such other books of account as the Board of Directors may require; and do and perform all duties appertaining to the office of

Treasurer. The Treasurer shall also perform such other duties as are from time to time assigned by the President or the Board of Directors. The Board may appoint an assistant secretary and delegate to such assistant secretary any of the duties of the Treasurer. The assistant secretary need not be a member of the Board of Directors.

C. RESIGNATION OF OFFICERS. An officer may resign at any time by giving written notice to the Secretary, or to the President in the case of the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt of said notice, regardless of whether or not it is accepted by the Company.

D. REMOVAL OF OFFICERS. Any or all of the officers may be removed by a majority vote of the Board of Directors whenever the Board determines it is in the best interests of the Company. The removal of an officer shall not prejudice any contract rights of the removed officer. However, election or appointment as an officer, of itself, shall not create any contract rights.

E. VACANCIES. A vacancy caused by the resignation, removal, or death of an officer shall be filled by a majority vote of the Board of Directors.

ARTICLE X. - COMPENSATION

A. COMPENSATION OF DIRECTORS. By resolution of the Board of Directors, the Directors may be paid a reasonable stipend to cover their expenses and time associated with fulfilling their obligations as Directors. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor.

B. COMPENSATION OF OFFICERS. The Board of Directors may by resolution set a reasonable stipend to be paid to the Officers for their services. This stipend shall be noted in the annual financials, and any shareholder may bring a motion during the annual meeting to

adjust the stipend. The stipend may be paid to the Officers directly or it may be issued and applied as a credit against the assessments levied on the Officers' shares. No such payment shall preclude any Officer from serving the Company in any other capacity and receiving compensation therefor.

C. COMPENSATION OF EMPLOYEES. By resolution of the Board of Directors, the Company may hire employees and/or contract with independent contractors and may authorize the payment of appropriate compensation to the same.

ARTICLE XI. - MEMBERS

A. ANNUAL MEETINGS. The Annual Meeting of the Members of the Company shall be held each year the second Tuesday of April with 10 to 30 days advance written notice of the date, time, and place of said meeting. Failure to hold this meeting as appointed herein shall not impair in any way any of the Company's corporate rights and any such missed meeting may be held thereafter with 10 to 30 days advance written notice of the date, time, and place of said meeting.

B. SPECIAL MEETINGS. Special Meetings of the Members of the Company may be held as necessary when properly called and upon reasonable notice under the circumstances of the date, time, and place of such meetings.

C. CALLING SPECIAL MEETINGS. Special meetings shall be called by written request by the President, by a majority of all Directors, or by the owners of at least 25% of the issued and outstanding shares of the Company. The written request required herein shall be given to the President and shall specify the purpose(s) and a date, time, and place for the meeting that is reasonable under the circumstances.

D. NOTICE. The Secretary shall provide notice by mail or by personal delivery to all

Members of record as of the record date established pursuant to Paragraph G of this Article, specifying the date, time, and place for the meeting, and if it is a special meeting, the general purpose(s) for which it is being called. The first named individual or owner that appears on a share certificate in the records of the Company shall be the Member to whom all notices shall be addressed and sent.

E. MAILING NOTICE. The mailing of all required notices under the Articles of Incorporation and these Bylaws shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the Company's share transfer books, and with postage provided thereon.

F. WAIVER OF NOTICE. Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

G. VOTING LIST & MEMBER OF RECORD DATE. The Secretary shall establish a Member of record date for each Member meeting and shall close and bring current the share transfer books as of such date. The share transfer books shall be subject to inspection by any Member at a mutually agreeable time and place and shall also be subject to the inspection of any Member during the whole time of the meeting. The share transfer books shall be *prima facie* evidence as to the list of Members who are entitled to vote at the meeting. For the Annual Meeting of Members, the Member of record date shall be ten (10) days before the date of the meeting.

For the purpose of determining Members entitled to receive notice of, or to vote at, any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Company's share transfer books shall be closed for

ten (10) days prior to providing notice for any meeting which is being called. The Members as they are then listed on the share transfer books shall be the Members of record and the record date shall be the date on which said books were closed. If under emergency conditions, the share transfer books cannot be closed for ten (10) days prior to the date of providing notice of the meeting, the record date shall be fixed for the determination of Members entitled to receive notice of, or to vote at, such a meeting of Members as the date on which notice of the meeting is mailed. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this paragraph, such determination shall apply to any adjournment thereof.

H. VOTING. Members are entitled to vote in the election of each directorship that represents a specific class of shares only if the Member owns shares in that class. Class A Members are entitled to vote in elections pertaining to (a) the Company's organizational structure and/or the Articles of Incorporation; (b) the sale, transfer, or other conveyance of substantially all of the assets of the Company or transfer of the operation of the Company's water system to any other entity; and (c) such other matters as the Board of Directors deem appropriate to place before the Members. Members are entitled to cast one vote for each share held and a corresponding fractional vote for each fraction of a share held. Cumulative voting shall not be allowed.

I. PROXY. Votes may be cast in person or by written, authorized proxy. Each proxy must be executed in writing by the Member or the Member's duly authorized attorney. The proxies shall be filed with the Secretary of the Company before or at the time of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless its duration shall have been specified therein. Every proxy shall be revocable at the discretion of the person executing it or of his or her personal representative(s) or assign(s).

J. VOTING BY CERTAIN TYPES OF MEMBERS. Special voting rules and procedures apply to certain types of Members as follows:

1. CORPORATE AND GOVERNMENTAL MEMBERS. Shares held in the name of another corporation, limited liability company, or other legal entity may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the governing body of such entity may determine. Shares held by a governmental entity may be voted by the designee duly authorized by the governmental entity's legislative body.

2. REPRESENTATIVE MEMBERS. Shares held by a personal representative, administrator, executor, guardian, or conservator may be voted either in person or by proxy without a transfer of such shares into his or her name. Shares held in the name of a trust may be voted by the trustee either in person or by proxy.

3. MEMBERS IN RECEIVERSHIP. Shares held in the name of a receiver may be voted by that receiver, and shares held by or under the control of a receiver may be voted by that receiver without the transfer thereof into the receiver's name if authority so to so be contained in an appropriate Order of the Court by which that receiver was appointed.

4. MEMBERS OF PLEDGED SHARES. A Member whose shares are pledged shall be entitled to vote those shares until the shares have been transferred into the name of the pledgee and, thereafter, the pledgee shall be entitled to vote the shares so transferred.

5. TREASURY SHARES. Shares in the Company belonging to the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at

any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

K. QUORUM. The number of shares of the Company present in person or by proxy at any duly called meeting of the Members shall constitute a quorum and, except as otherwise provided for herein or in the Articles of Incorporation, a majority vote of such quorum shall be a majority vote of the Members and shall be the action of the Members on that matter, to the maximum extent allowed by law. For purposes of election of the Directors representing a class of System Stock, a quorum shall constitute the outstanding shares of the relevant Class present in person or by proxy at any duly called meeting of the Members.

L. ORDER OF BUSINESS. The order of business at all annual meetings of the Members, and at all special meeting as applicable, may include the following, subject to the discretion of the Directors:

1. Roll Call.
2. Reading of the notice of the meeting.
3. Reading of the minutes of the preceding meeting and approval thereof.
4. Secretary's report on the number of shares present in person or by proxy.
5. Presentation of the Annual Report on Financial Condition of the Company.
6. President's Business Report.
7. Unfinished business.
8. New Business.
9. Elections.

ARTICLE XII. - SERVICE AREA

The Board of Directors shall establish, and may from time to time change, enlarge, or reduce, the territory that is to be serviced by the Company, i.e., the Company's service area. In setting the service area of the company, the Board shall consider, among other factors, the extent of existing or planned water delivery infrastructure and the place of use limitations placed on the Company's water rights.

ARTICLE XIII. - WATER DELIVERY

A. DUTY OF THE COMPANY. The Company shall make commercially reasonable efforts to keep its system at a level of repair sufficient to deliver water in accordance with the share ownership outlined in Article IV.

B. WATER MASTER. The Board of Directors shall appoint a general water master with responsibility for the entire Company system, with such duties and responsibilities as shall be appointed to him from time to time by the Board of Directors.

C. WATER BANKING. The Board of Directors may by resolution approve a water banking program where members can bank their unused shares so that other members or outside entities can use water represented by the banked shares.

D. RENTAL OF SHARES. A shareholder may, with advance written approval by the Board of Directors, rent shares for use within one of the existing water systems. Any rental agreement of shares under this paragraph must be for one or more full irrigation seasons.

ARTICLE XIV. - EXPANSION OF WATER SYSTEM

The Company has facilities and water rights to service the number of shares currently issued. The issuance of new shares to provide additional water service can only occur if the following requirements are met: (1) the Board of Directors must determine that there is sufficient

capacity in the system to provide the requested additional service; (2) the Board of Directors must determine that the provision of the requested additional service will not be detrimental to the interests of the Company and/or its shareholders as a group; (3) title to sufficient water rights to cover the requested additional service, with approved points of diversion and places of use that are consistent with the Company's system and service area, must be conveyed to the Company; and (4) a fee representing a proportionate share of the value of the existing facilities must be paid to the Company. Upon compliance with these requirements and upon resolution of the Board of Directors approving the same, the appropriate number of new shares of the appropriate class shall be issued. The appropriate number of new shares shall be determined in a manner that maintains the right to the same quantity of water per share that existed before the issuance of the new shares and the addition of the new water rights. The new shareholder(s) must also bear the cost of any additions or changes to the Company's facilities needed to provide the additional service.

ARTICLE XV. - CHANGE APPLICATIONS

A. CHANGE APPLICATION POLICIES. Any Member desiring to propose changes in the place of use of Company water, where the new place of use is within the Company's service area, must first obtain written approval from the Board of Directors before making such a change. Any Class A Member desiring to use his Class A shares in a different system than he currently uses the shares must (1) first obtain written approval from the Board of Directors, (2) pay any outstanding debt associated with System Stock, and (3) arrange for cancellation of such System Stock. Any Member desiring to propose changes to any water right held by the Company with regard to point of diversion, time, nature of use, or place of use, where the new place of use will be outside of the Company's service area, whether or not such change will require the filing

of applications with the Utah State Engineer, shall comply with the provisions of this Article XV and the provisions of the Company's Change Application Policy then in effect. The Company's current Change Application Policy is attached hereto as **Attachment "C."**

B. REQUESTS FOR CHANGE APPLICATION. Members requesting changes subject to the Change Application Policy shall submit to the Company Secretary a completed Member Request for Change Application ("**Request Form**") in substantially the same form as that attached hereto as **Attachment "D,"** along with an application fee in an amount duly set by the Board of Directors, specifying the following details of the requested change:

1. the certificate number(s) for the shares affected by the proposed change;
2. the quantity of water sought to be changed;
3. the details of the Member's current use of water under the share certificate which would be affected by the proposed change;
4. the details of the proposed change;
5. a description of the land proposed to be retired from irrigation, if the proposed change in place or nature of use involves water that was previously used for irrigation;
6. an agreement that the shareholder shall continue to pay all applicable corporate assessments on the shares affected by the change; and
7. all other information requested by the Request Form, as well as any additional information that the Company may reasonably request, to be submitted with or after the Request Form, so as to evaluate the requested change application.

C. CONSIDERATIONS. The completed Request shall be reviewed by the Board of Directors at a duly called Board Meeting. The Request will be evaluated in accordance with the

Company's Change Application Policy then in effect. The Company may consider the following factors in evaluating shareholder Requests:

1. any increased or decreased cost to the Company or its shareholders;
2. interference with the Company's ability to manage and distribute water for the benefit of all shareholders;
3. whether the proposed change represents more water than Shareholder's pro rata share of the Company's right;
4. impairment of either the quantity or quality of water delivered to other shareholders under the existing water rights of Company, including rights to carrier water;
5. whether the proposed change would cause a violation of any statute, ordinance, regulation, or order of a court or governmental agency;
6. whether Member has or can arrange for a commensurate beneficial use of the water to prevent or avoid claims of forfeiture or abandonment of the water retired from irrigation within Company's service area under the proposed change; and
7. the cumulative effects that the approval of the change application may have on other shareholders or Company operations.

D. **DECISION BY THE COMPANY.** The Board shall make a decision and provide written notice of that decision within 120 days from receipt of the request for a change application. The Board may approve the request, approve the request with conditions, deny the request, or continue consideration of the Request until the next Board Meeting. Reasons for continuance shall include (but not be limited to) the need for the Member to provide additional information and resubmission of the request within fewer than seven days prior to the Board

Meeting.

The Company reserves the right to impose any and all reasonable conditions necessary to protect Company and its Members, including but not limited to the following:

1. The Member shall bear all costs and expenses associated with the change application;
2. the Member shall bear all losses and expenses caused by the change through evaporation, percolation, or other shrinkage, and such other anticipated losses as the Board shall reasonably determine;
3. the Member must be current on all Company assessments and agree to continue to pay all applicable future assessments, except that the Member may choose to prepay any portion of Company assessments attributable to an existing debt of Company;
4. other than prepaid assessments, the Company may require that the Member continue to pay all applicable assessments;
5. the Member will defend and indemnify the Company against claims arising out of the proposed use and pay all costs and expenses caused by the proposed use.

Any Member affected by a Board decision may, by written request to the Secretary, ask that the decision be reconsidered at another duly noticed and called meeting. The decision of the Board upon reconsideration shall be final on the issue.

E. APPLICATION TO THE DIVISION OF WATER RIGHTS. Upon Board approval of a Request, with or without conditions, the Company and the Member shall enter into a Change Application Approval Agreement (“**Agreement**”) acceptable to the Board. The Company’s current form of Agreement is attached hereto as **Attachment “E”**. As soon as

reasonably possible after execution of the Agreement, the Company shall file with the Division a change application consistent with the terms of both the Request, as approved, and the Agreement. The change application shall be filed in the name of both the Member and the Company, and shall be prosecuted by the Company, with the Member providing all necessary information and evidence. The Member shall bear all costs associated with the change application, including costs of submitting proof.

F. CANCELLATION. If the Member fails to comply with all of the conditions imposed by Company or the State Engineer, Company may, after written notice to Member and after allowing reasonable time to remedy the failure, withdraw its approval of the application, and petition the State Engineer for an order withdrawing the change application.

ARTICLE XVI. - ASSESSMENTS

The shares of this Company may be assessed in such amounts and at such times and in such manner and for such uses and purposes pertaining to the operation and maintenance of the water systems as the Board of Directors may determine. Pursuant to Utah Code § 16-4-204, as amended, an order levying assessment must include: the amount levied on each share; when, to whom, and where the assessment is payable; the date of delinquency (which shall be at least 30 days after notice of assessment is given, as detailed below), and if assessments are not levied on an equal basis for all shares, an explanation of the equitable basis for the differing assessments.

A. NOTICE OF ASSESSMENT. The Company shall provide a Notice of Assessment to each Member on whom an assessment is levied pursuant to Utah Code § 16-4-206, as amended. Assessments may be made on an unequal basis as to all Members, but must be equal as to similarly situated Members. Therefore, the notice of assessment may be given either personally to each Member and/or by **first class mail** addressed to the address of record for each

Member. The first named individual or owner that appears on a share certificate in the records of the Company shall be the Member to whom all notices shall be addressed and sent. It is the express duty of each Member to timely notify the Company of any address changes. The Company elects to not publish notice in a newspaper of general circulation pursuant to Utah Code § 16-4-206(3)(a), as amended; therefore, no other means of providing notice is required. The Notice of Assessment should be in substantially the same form as that attached hereto as **Attachment “F,”** and shall including the information required by Utah Code § 16-4-205, as amended. The Company may make additional or partial assessments in the discretion of the Board of Directors.

B. DELINQUENCY. If any portion of the assessment mentioned in the notice of assessment remains unpaid on the day specified therein as to when the shares shall be delinquent, the shares are hereby declared to be delinquent as of that day. The remedy available to the Company shall include immediate termination of water deliveries based on the delinquent shares. Other than the Notice of Assessment described in the previous paragraph, there shall be no requirement that the Company provide any notice to the Member before terminating water deliveries.

C. NOTICE TO MEMBER. In addition to terminating water deliveries, the Company may pursue the sale of the delinquent shares. If so directed by the Board of Directors, the Secretary shall give notice that the shares are delinquent to the Member owning the delinquent share pursuant to the requirements of Utah Code §§ 16-4-303 to -303, as amended. This includes sending a Notice to Member either personally and/or by **certified, return-receipt requested mail** addressed to the address of record for each Member that is in substantially the same form as that attached hereto as **Attachment “G.”** Members are responsible for providing

the Member's current mailing address for the purpose of this notice. The Secretary shall give this notice at least 15 days before, but not more than 30 days before, the date on which the sale of delinquent shares is to occur.

D. NOTICE OF DELINQUENCY AND SALE. If any portion of the assessment mentioned in the Notice of Assessment remains unpaid on the day specified thereon as to when the share shall be delinquent, pursuant to Utah Code § 16-4-303, as amended, the Secretary shall cause a Notice of Delinquency and Sale to be published in some newspaper of general circulation in the place where the Company's principal place of business is located. The Notice of Delinquency and Sale, when published in a daily newspaper must be published once a week for a minimum of two weeks at least 15 days before, but not more than 45 days before, the date on which the sale of delinquent shares is to occur. The notice of delinquency should be in substantially the same form as that attached hereto as **Attachment "H."**

Additionally, pursuant to Utah Code § 16-4-303(5), as amended, the Notice of Delinquency and Sale must be published online using Utah's public legal notice website for 45 days before the sale.

E. JURISDICTION TO SELL SHARES. By giving the notices of delinquency and sale as required by these Bylaws, the Company acquires jurisdiction to sell and convey a perfect title to all of the share described in said notices upon which any portion of the assessment, any accrued interest, or any expenses of advertising remains unpaid at the close of business on the day before the sale, along with any assessments subsequently levied. However, the Company shall not sell any more shares than are necessary to pay the assessments due and expenses of advertising and sale. The sale of such share(s) may proceed by first selling pre-existing fractional shares (if any) and then in increments of full shares, or as otherwise deemed necessary by the

Company. In the event the Member desires to pay the delinquent assessments prior to the sale, such assessments will not be considered paid unless such payment includes any accrued interest, late fees, and the actual expenses of advertising the sale.

F. PURCHASE OF DELINQUENT SHARES BY COMPANY. The Company, through any officer or director, may make an opening minimum bid at the sale of shares in the amount of the assessment, the accrued interest, and the expenses due. Thereafter, the Company, if authorized by the Board of Directors, may enter higher bids as so authorized. If the Company is the highest bidder, the amount of the assessment, interest, and expenses shall be credited as paid in full on the Company's books and entry of the transfer of the share to the Company shall be made on the books thereof. While the share remains the property of the Company, it is not assessable, nor shall any dividends be declared thereon, but all assessments and dividends shall be apportioned upon the shares held by the Members of the Company. Such share may be subsequently sold at a fair market value to a qualified buyer or buyers in accordance with the Company's Articles and Bylaws.

G. EXTENSION OF TIME SPECIFIED IN NOTICES. The dates set forth in any notice of assessment, notice of delinquency, or notice of sale served or published according to the provisions hereof may be extended from time to time by motion and order of the Board of Directors entered on the records of the Company for any period or periods aggregating not more than six months, but no order extending the time for the performance of any act specified in any notice shall be effective unless a new notice is timely served or published reflecting the extension.

H. ERRORS OR OMISSIONS IN PROCEEDINGS. No assessment is invalidated by a failure to give the notices provided for herein, nor by the nonperformance of any act required in

order to enforce payment of the same, but in case of any substantial error or omission in the course of proceedings for collection, the defective proceedings, except the levying of the assessment, are void and notice must be begun anew for that proceeding and all subsequent proceedings.

I. ACTIONS TO RECOVER SHARE SOLD. No action shall be sustained to recover shares sold for delinquent assessment upon the ground of irregularity or defect of the notice of the sale or defect or irregularity in the sale, unless the person seeking to maintain such action first pays or tenders to the Company or to the person holding the shares sold the sum for which the same was sold, together with all subsequent assessments which may have been paid thereon, or in the case of shares sold to the Company, all subsequent assessments levied upon the outstanding share of the Company, and interest on such sums from the time they were paid or payable; and no such action shall be sustained unless the same is commenced by the filing of a complaint within six months after such sale was made.

J. AFFIDAVIT OF NOTICE PROVIDED. Affidavits made by the Secretary of personal service or of the mailing of notices shall be *prima facie* evidence thereof. The publication of notices relating to assessments may be proved by the affidavit of the printer foreman or principal clerk of the newspaper in which the same were published; and the affidavit of the Secretary or auctioneer shall be *prima facie* evidence of the time and place of sale, of the quantity and particular description of the share sold, and to whom and for what price, and of the fact of the purchase money being paid. The affidavits shall be filed in the office of the Company and copies of the same certified by the Secretary thereof shall be *prima facie* evidence of the facts stated therein.

ARTICLE XVII. - INSPECTION OF RECORDS

In accordance with Utah Law, any Member desiring to inspect or copy the records of the Company shall submit to the Company Secretary a completed Demand to Inspect and/or Receive Copies of Company Records (“**Records Request**”) in substantially the same form as that attached hereto as **Attachment “I”** or such other form adopted by the Board of Directors. Review of the Records will be conducted at a mutually agreed upon time and location.

ARTICLE XVIII. - INDEMNIFICATION

Any person made a party to or involved in any civil, criminal, or administrative action by reason of the fact that this person or his or her testator or intestate is or was a director, officer, employee, or volunteer of the Company, or of any Company which he or she, the testator, or intestate served as such at the request of the Company, shall be indemnified by the Company against expenses reasonably incurred by him or her or imposed on him or her in connection with or resulting from the defense of such action and in connection with or resulting from any appeal thereon, except with respect to matters as to which it is adjudged in such action that such officer, director, employee, or volunteer was liable to the Company, or to such other corporation, for negligence or misconduct in the performance of his or her duty. As used herein, the term “expense” shall include all obligations incurred by such person for the payment of money, including without limitation attorney’s fees, judgments, awards, fines, penalties, and amounts paid in satisfaction of judgment or in settlement of any such action, except amounts paid to the Company or such other corporation by him or her.

A judgment or conviction whether based on plea of guilty or *nolo contendere* or its equivalent, or after trial, shall not of itself be deemed an adjudication that such director, officer or employee is liable to the Company, or such other corporation, for negligence or misconduct in

the performance of his or her duties. Determination of the rights of such indemnification and the amount thereof may be made at the option of the person to be indemnified pursuant to procedure set forth, from time to time, in the Bylaws, or by any of the following procedures: (a) order of the Court or administrative body or agency having jurisdiction of the action; (b) resolution adopted by a majority of the quorum of the Board of Directors without counting in such majority any directors who have incurred expenses in connection with such action; (c) if there is no quorum of directors who have not incurred expense in connection with such action, then by resolution adopted by a majority of the committee of Members and directors who have not incurred such expenses appointed by the Board of Directors; (d) resolution adopted by a majority of the quorum of the directors entitled to vote at any meeting; or (e) Order of any Court having jurisdiction over the Company. Any such determination that a payment by way of indemnity should be made will be binding upon the Company. Such right of indemnification shall not be exclusive of any other right which such directors, officers, and employees of the Company and the other persons above mentioned may have or hereafter acquire, and without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, Agreement, vote of Members, provision of law, or otherwise in addition to their rights under this Article. The provisions of this Article shall apply to any member of any committee appointed by the Board of Directors as fully as though each person had been a director, officer or employee of the Company.

ARTICLE XIX. - ANNUAL FINANCIAL REPORT

The President and the Board of Directors shall prepare, or cause to be prepared by a qualified accountant, an annual report on the financial condition of the Company at the end of

each fiscal year. The President or his designee shall present this report to the Members at the annual meeting.

ARTICLE XX - SHAREHOLDER LIABILITY

The private property of the shareholders shall not be liable for the obligations of the Company.

ARTICLE XXI - AMENDMENTS TO THE BYLAWS

These bylaws may be amended as set forth in the Company's Articles of Incorporation.

ARTICLE XXII - SEVERABILITY CLAUSE

If any provision of these bylaws, or the application of any provision to any person or circumstance, is held invalid, the remainder of the bylaws shall be given effect without the invalid provision or application.

DULY ADOPTED BY VOTE OF THE BOARD OF DIRECTORS OF THE COMPANY,
REPRESENTING THE NUMBER OF AFFIRMATIVE VOTES SUFFICIENT FOR
APPROVAL, THIS 13th DAY OF March, 2019.

Smithfield Irrigation Company

By:



Patrick L. Draper, President

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the Smithfield Irrigation Company, a Utah corporation; and
2. That the foregoing Bylaws comprised of 36 pages, including this page but not including the cover page, table of contents, and attachments, constitute the Bylaws of said Company as approved by vote of the Board of Directors of the company, representing the number of affirmative votes sufficient for approval, at a meeting of the Board duly called and held on the 13th day of March.2019.


LuAnn Hansen, Secretary

ATTACHMENTS

- A. Request for Replacement Certificate
- B. Notice of Replacement Request
- C. Change Application Policy
- D. Member Request for Change Application
- E. Change Application Approval Agreement
- F. Notice of Assessment
- G. Notice to Member of Delinquency
- H. Notice of Delinquency and Sale
- I. Demand to Inspect and/or Receive Copies of Company Records

Attachment A

<h2 style="margin: 0;">Request for Replacement Certificate</h2>	<p style="text-align: right;">Smithfield Irrigation Company</p> <p style="text-align: right;">P.O. Box 41 27 West Center St. Smithfield, UT 84335</p>
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In accordance with Article IV(G) of the Bylaws and Utah Code Annotated § 70A-8-409.1, the undersigned requests that the Company issue a replacement certificate.

Contact Information

Name:	Telephone:
Address:	Fax:
	E-mail:
Certificate Number:	Number of Shares:

<p><i>Please describe in detail and to your best knowledge what happened to the original certificate.</i></p>	
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<p><i>If you are not shown as the owner of this certificate on the records of the Company, please provide a detailed description of your claim to ownership of the certificate. Attach additional pages, if necessary, and attach all documents that evidence your ownership.</i></p>	
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Signature of Requesting Member		Date	
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Attachment B

Smithfield Irrigation Company
P.O. Box 41
27 West Center St.
Smithfield, UT 84335

_____ (Date)

Re: NOTICE OF REQUEST FOR REPLACEMENT CERTIFICATE

Smithfield Irrigation Company has received a Request for Replacement Certificate from _____, who asserts that Share Certificate No. _____ for _____ shares in the company has been lost, destroyed, or stolen and that he is the rightful owner of that certificate. An interested person may file a written notice of objection with the company explaining why a replacement certificate should not be issued. Unless the company receives a written notice of objection within sixty (60) days of this notice, a replacement certificate will be issued as requested and the original share certificate will be permanently canceled on the records of the water company.

(Signature of Secretary)
Secretary, Smithfield Irrigation Company

Attachment C

SMITHFIELD IRRIGATION COMPANY CHANGE APPLICATION POLICY

1. The shareholder desiring to make a change application shall submit to the Company a change application in substantially the same form as that included with the bylaws of the company, containing all requested information and including the required fee.
2. Along with the shareholder's request for a change application, the shareholder shall agree to bear the cost of an engineering study, conducted by the company at the shareholder's sole cost and expense, which considers the effects of the proposed change application on the Company. This engineering study will specifically consider and address:
 - a. How the proposed change will affect the place of use of the water, and including the extent to which land will be retired from irrigation.
 - b. How the proposed change will affect the flow of water throughout the entire system, through each affected lateral branch of the system operated by the Company shareholders, and through the private laterals of the shareholders.
 - c. Whether or not the proposed change will create a need for check structures in order to maintain operational flow, and the proposed location and cost of those structures.
 - d. How the proposed change will affect the velocity of the water throughout the system.
 - e. How the proposed change will affect the amount of silt deposition and/or increase the need for weed control throughout the system.
 - f. How the proposed change will affect losses due to leakage, evaporation, transpiration, and other water losses throughout the system.
 - g. Whether the proposed change, if approved and effected, will allow sufficient carrier water to remain in the system to service other shareholders.
 - h. How the proposed change will affect return flows available to Shareholders, others, and the natural environment.
 - i. How the proposed change will affect the quality of water being delivered to the Company's other shareholders.

- j. How the proposed change will affect the ability of the company to manage, maintain, and oversee the system.
 - k. How the proposed change will affect the company's ability to distribute water to the individual shareholders.
 - l. How the proposed change will affect costs to the company and shareholders for ongoing maintenance, including increased costs for oversight.
 - m. Whether and to what extent the amount of water being changed is greater, less than, or equal to the *pro-rata* amount of water to which the shareholder is entitled, less losses and expenses caused by the change through evaporation, percolation, or other shrinkage, and such other anticipated losses.
 - n. Any other information that the company should consider when deciding whether to approve the change application.
3. The engineering study shall be conducted by an engineer selected by the Company.
 4. The engineering study may consider and discuss the cumulative effects of multiple change applications previously submitted by one or more owners or reasonably expected to be submitted in the future.
 5. Proposed change applications will not be approved that have not been included and analyzed in an engineering study submitted to the company.
 6. The proposed change application will not be approved if the quantity of water sought to be changed exceeds the amount of water to which the individual shareholder is entitled, less losses and expenses caused by the change through evaporation, percolation, or other shrinkage, and such other anticipated losses. The shareholder requesting the change must bear all of these losses.
 7. The proposed change application will not be approved if the flow of water throughout the entire system, through each lateral branch of the system, and through the private laterals of the shareholders, is affected in either volume, velocity, or quality that would, in the reasonable opinion of the board of directors, impair the company's ability to deliver to the company's shareholders the full *pro-rata* amount of water to which they are entitled.
 8. The proposed change application will not be approved if the proposed change will require extensive alteration of the company's water system.
 9. The proposed change application will not be approved if the proposed change will result in a significant increase in silt deposition and/or increase in the need for weed control throughout the system.
 10. The proposed change application will not be approved if the proposed change will result in a significant increase in losses to leakage, evaporation, transpiration, and other water losses throughout the system.
 11. The proposed change application will not be approved if the proposed change will

not allow sufficient carrier water to remain in the system to service other shareholders.

12. The proposed change application will not be approved if the Company will experience any increased cost to manage, maintain, and oversee the system that will not be borne by the shareholder requesting the change.

13. The proposed change application will not be approved if, in the opinion of the Company's attorney, the proposed change would cause a violation of any contract, statute, ordinance, regulation, or order of a court or governmental agency. The Shareholder requesting the change agrees to bear the cost for legal review of the proposed change.

14. The proposed change application will not be approved if the shareholder requesting the change is not current on all water company assessments.

15. The proposed change application will not be approved if the shareholder requesting the change does not agree in writing to continue to pay all applicable future assessments.

16. The shareholder requesting the change will pay all increases in costs directly caused by the change application for management, maintenance, and oversight of the system, and agree to bear all of those costs in the future.

17. The shareholder requesting the change will pay all costs associated with any necessary and approved alteration of the company's water system.

18. The shareholder requesting the change must pay an initial fee to the Company set by the Board by resolution (the "Initial Fee") and must pay, on an ongoing basis, all costs, including but not limited to legal and engineering costs, associated with prosecution of the change application and final proof, and provide all of the necessary information and evidence. The Initial Fee is not intended for payment of ongoing costs, but rather will be held by the Company throughout prosecution of the change application and will only be used for ongoing costs if the shareholder fails to timely pay for ongoing costs. If any costs are not timely paid at any time, the Company may use any part of the initial fee to pay any delinquent amounts due and may, after notice to the shareholder and a reasonable period to cure the deficiency in payment, withdraw the change application, and may seek other remedies available under the law. Immediately upon payment of the Initial Fee to the Company, a portion of the Initial Fee (the "Nonrefundable Portion") shall accrue to compensate the Company for clerical costs and officer, board, and employee time related to the proposed change application. At the conclusion of the change application process and after payment of all costs related to the proposed change application, the Company will return the balance of the Initial Fee less the Nonrefundable Portion to the shareholder.

19. If the proposed change will result in Class A stock being used not in conjunction with one of the identified classes of system stock listed in Article IV of the Bylaws, the shareholder requesting the change must install, at the shareholder's sole expense, a meter approved by the Company, and must provide a meter reading together with the shareholder's annual assessment. The shareholder also must allow and maintain access to the meter for inspection by the Company.

20. If a shareholder fails to comply with all of the conditions imposed by the water

company, the water company may, after written notice to the shareholder and after allowing reasonable time to remedy the failure, withdraw its approval of the application, and petition the state engineer to withdraw approval of the change application.

Attachment D



Member Request for Change Application

Name: _____

Address: _____

Telephone: _____ Mobile: _____

Email: _____

OFFICE USE ONLY
Rec'd by _____
Date _____
Fee Paid _____

1) Please Attach a Photocopy of Each Certificate of the Shares Affected by the Proposed Change, and List the Certificate Numbers Here:

2) Quantity of Water Sought to be Changed: _____ cfs and/or _____ acre-feet

3) **CURRENT USE**
Describe the Current Use of the Shares, Including the Location of Current Use and Type of Use (e.g., irrigated acres and number and type of animals).

4) **PROPOSED CHANGE**
Describe in Detail the Planned Use, Including the Following: Point of Diversion, Source, Place of Use, Type of Use, and Period of Use.

NOTE: All Costs Associated with a Change Application Filed Pursuant to Approval Hereof, Including Costs of Submitting Proof, Shall Be Paid by the Member.

BY SIGNING BELOW, THE MEMBER

- a. Represents that he or she is the owner of the shares described in #1 above.
- b. Represents that he or she is current on all Irrigation Company assessments;
- c. Agrees to continue to pay all applicable future assessments (except that the member may choose to prepay any portion of the irrigation company assessments attributable to an existing debt of the irrigation company);
- d. Agrees to continue to pay all applicable assessments, including all corporate assessments on the share(s) affected by the proposed change; and

- e. Agrees to pay all costs associated with the preparation and review of this Request for Change Application and any Change Application filed on the member's behalf with the Utah Division of Water Rights, including review of this Request by the Company's attorney and engineer.

Member

Date

The Irrigation Company shall make a decision and shall provide written notice of that decision within 120 days of its receipt of a properly completed Request for Change Application.

IRRIGATION COMPANY ACTION

<input type="checkbox"/>	APPROVED	<i>As this Change Request requires the filing of a Change Application with the Utah Division of Water Rights (the State Engineer's Office), a Change Application shall be filed by and in the name of both the member and the Company, and shall be prosecuted by the Company, with member paying all associated costs and providing all of the necessary information and evidence.</i>
<input type="checkbox"/>	Approved with the attached conditions	
<input type="checkbox"/>	DENIED	<i>The member may, by written request to the Secretary, ask that the denial be reconsidered at another duly noticed and called meeting. The decision of the Company Board upon reconsideration shall be final.</i>

President, Smithfield Irrigation Company

Date

Secretary

Date

NOTE: *If the member fails to comply with all of the conditions imposed by the Company or by the Division of Water Rights, the Company may, after written notice to the member and after allowing reasonable time to remedy the failure, withdraw its approval of the application and petition the State Engineer for an order withdrawing the Change Application.*

Attachment E

SMITHFIELD IRRIGATION COMPANY CHANGE APPLICATION APPROVAL AGREEMENT

This Agreement is entered into this day ____ of _____, 20____, between SMITHFIELD IRRIGATION COMPANY, a Utah nonprofit corporation (hereafter referred to as "Company") and _____ (hereafter referred to as "Member").

RECITALS

- A. Company owns the right to divert water from Summit Creek and other sources and put it to the beneficial use of its Members.
- B. Member is the owner of shares of share in Company and requests permission from Company to file a permanent change application to change the point of diversion and/or place of use and/or purpose of use of the water available under its shares of share.
- C. Company consents to Member's request to file the permanent change application pursuant to the terms and conditions provided in this Agreement. Member is willing to comply strictly with such terms and conditions.

In consideration of the covenants contained in this Agreement and other good and valuable consideration, the parties agree as follows:

AGREEMENT

- 1. **Form of Change Application.** Company consents to the filing of a permanent change application with the Utah Division of Water Rights ("DWR") in the form attached to this Agreement as Exhibit "A." The change application shall be approved by the State Engineer on terms and conditions consistent with this Agreement. If the State Engineer's memorandum decision approving the change application imposes a condition that either party concludes violates the terms of this Agreement, either party has the right to withdraw the change application and terminate this Agreement without the consent of the other.
- 2. **Description of Water Right.** Title to the water right that will be amended by the change application is owned by Company. The change application will be filed jointly in the name of Company and Member.
- 3. **Ownership of Company Shares.** Member, or his or her successor, shall maintain ownership of the shares of share and continue to pay all applicable future assessments, except that Member may choose to prepay any portion of the Company assessments attributable to an existing debt of the Company in accordance with Company's Articles of Incorporation and Bylaws.
- 4. **Responsibility for Change Application Approval.**
 - 4.1. Company shall file the change application with the DWR, in the name of both the Member and the Company. Company shall prosecute the change application through all

necessary administrative procedures, including proof of change, extension requests, and other applications required by the laws of the State of Utah, with the Member providing all necessary information and evidence. The Member shall bear all costs associated with the change application and all administrative process necessary for approval thereof, including costs of submitting proof.

- 4.2. If a judicial review action is filed in the district court following a decision by the State Engineer, either by Member or any other interested party, Company will be a necessary party. Member shall indemnify and hold harmless Company for all costs, expenses and attorney's fees incurred by Company, including any appeals. Member or Company may elect to withdraw the change application to avoid the judicial review action.
5. **Carrier Water - Beneficial Use.** Under the change application, Company will have the discretion to divert the historic return flows into its system to be used as carrier water. If the State Engineer's decision on the change application prohibits the use of part or all of the return flow to cover losses in the system, then Member agrees that a proportionate amount of the water available to the shares of share will remain in Company's system as carrier water to compensate for canal seepage, transportation losses and return flows to ensure that moving the water out of Company's system will not adversely affect the remaining Members in Company.
6. **Water Meter and Company Monitoring.** Member shall, at his or her expense, construct, operate and maintain all facilities needed to divert and convey the water to its place of use. Member shall install a water meter on all such facilities, and shall provide records of the flow to Company and the State Engineer, upon request. The Company or its designee shall have the right to inspect and read the water meter and otherwise monitor water use under this Agreement to confirm compliance with the terms of this Agreement and with any order of the State Engineer approving the change application.
7. **Indemnity.** Member agrees to indemnify and hold harmless Company, its officers and directors, against any and all losses, damages, liabilities, costs, expenses, and attorney's fees incurred by Company in any way resulting from this Agreement or arising out of the use of water by Member under the change application.
8. **Cancellation.** If Member fails to comply with all of the conditions imposed by this agreement or by the DWR, Company may withdraw its approval of the application, and petition the State Engineer for an order canceling the change application. However, Company must first give written notice to Member and allow 90 days from the time such notice is received for Member to remedy the failure.
9. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes any prior understanding, representation, or agreement regarding the subject matter.
10. **Third Party Rights Prohibited.** This Agreement is not intended to create third-party beneficiary rights.
11. **Standard for Interpreting the Agreement.** This Agreement shall be construed as having been drafted as a joint effort of both parties and shall not be construed against any one party in the event of a controversy regarding its interpretation. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, and the whole shall include any part thereof. This Agreement shall be governed by the laws of the State of Utah and venue for any legal action based thereon shall be with the Third Judicial District Court in and for Salt Lake County.

12. **Assignment.** This Agreement, together with the shares of share and the change application may be assigned. However, the right to divert water under the change application is conditioned on the ownership of the underlying shares of share in Company that support the changes. Therefore, any assignment of this Agreement must also include an assignment of Member's interest in the change application and the shares of share in Company to that same party. Member agrees to provide notice of any such assignment to Company.

SMITHFIELD IRRIGATION COMPANY

By _____ Date
President

Member

Date

Attachment F

Smithfield Irrigation Company
P.O. Box 41
27 West Center St.
Smithfield, UT 84335

(Date)

Re: NOTICE OF ASSESSMENT OF SHARES

Dear Smithfield Irrigation Company Member:

At a meeting of the Board of Directors at held on (date), an assessment of (amount) per share was levied on the shares (here insert the description of the class or classes of shares assessed) of the Company, payable (when, to whom, where, and the allowed methods of payment). (If assessments are not levied on an equal basis, include the following: “The equitable basis for the assessment is explained in greater detail in the Board of Directors’ order levying the assessment.”) Any share upon which this assessment may remain unpaid on the (day fixed) will be delinquent and advertised for sale at public auction, and unless payment is made before will be sold on the (day appointed) to pay the delinquent assessment and all accrued interest at the rate of 18% per year from the date of delinquency, together with the cost of advertising and expense of sale.

(Signature of Secretary)

Secretary, Smithfield Irrigation Company

Attachment G

Smithfield Irrigation Company
P.O. Box 41
27 West Center St.
Smithfield, UT 84335

(Date)

Re: NOTICE TO MEMBER OF DELINQUENCY

Dear Smithfield Irrigation Company Member:

The assessment levied by the Board of Directors on (date) on certain shares of Company share for which you are the owner of record has not been paid in full by the due date of (date) and therefore said shares of share are delinquent. More specifically, the (no. of shares) shares of Class ____ share represented by Share Certificate No. ____ are delinquent in the amount of \$(amount), plus accrued interest. Therefore, in accordance with the applicable laws of the State of Utah and the Company's Articles and Bylaws, as many shares of such shares as are necessary will be sold at (place of sale) on the ____ day of _____, ____, at the hour of _____, in order to pay the above-referenced delinquent assessments and all accrued interest thereon at the rate of 18% per year from the date of delinquency, together with the cost of advertising and expense of sale, unless such amounts are paid in full prior to said sale.

(Signature of Secretary)
Secretary, Smithfield Irrigation Company

Attachment H

Smithfield Irrigation Company
P.O. Box 41
27 West Center St.
Smithfield, UT 84335

NOTICE OF DELINQUENCY AND SALE

On (date) Smithfield Irrigation Company's the Board of Directors adopted an order levying assessments on its shareholders. The assessments on the following described shares are delinquent in the amount indicated:

Name	Cert. No.	Share Class	No. of Shares	Amount (includes fees, penalties, interest, or other costs or expenses)

Therefore, in accordance with the applicable laws of the State of Utah and the Company's Articles and Bylaws, so many shares as may be necessary will be sold to the highest qualified bidder over the minimum bid at the (particular place) on the _____ day of _____, _____, at the hour of _____, to pay the delinquent assessments thereon in the amounts noted above, unless such amounts are paid in full by the close of business on the day prior to said sale. Bidders must be able to utilize the water represented by these shares in accordance with the Articles and Bylaws of this Company. If the Company purchases the shares at auction, the shares may be redeemed by the shareholder up to 30 days after date of said sale.

(Name of Secretary)

Attachment I

<h2 style="margin: 0;">Demand to Inspect and/or Receive Copies of Company Records</h2>	Smithfield Irrigation Company P.O. Box 41 27 West Center St. Smithfield, UT 84335
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Pursuant to Utah Code Annotated § 16-6a-1602(1) & (2), written demand for inspection or copying of Company records must be made at least five days in advance.

Records may be inspected, and copies will be made available, at the Company offices at 27 West Center St., during the Company's regular business hours.

Contact Information

Name:	Telephone:
Address:	Fax:
	E-mail:

- Are you requesting **INSPECTION of Records?**
 (Check One) **COPIES of Records (20¢ per page)?** or
 BOTH?

<input type="checkbox"/>	<i>Please check this box if you wish to receive by mail a copy of the Company's most recent annual financial statements (if any) and its most recently published financial statements (if any). UCA § 16-6a-1603(3) & -1606. (Free of Charge)</i>
<i>If you wish to inspect and/or receive copies any of the records listed at right, please check the appropriate boxes, and fill in the requested information.</i> <i>If you wish to inspect and/or receive copies of any other records, please fill out the reverse side.</i>	<input type="checkbox"/> The Articles of Incorporation. <input type="checkbox"/> The Bylaws. <input type="checkbox"/> Names and Addresses of Current Directors and Officers. <input type="checkbox"/> Membership Resolutions. Which?: <input type="checkbox"/> Our Most Recent Annual Report to the Division of Corporations. <input type="checkbox"/> Minutes of Members' Meetings Within the Last 3 Years. Dates?: <input type="checkbox"/> Records of Member Actions Taken in the Last 3 Years Without a Meeting. Which?: <input type="checkbox"/> Written Communications to the Members Within the Last 3 Years Which?: <input type="checkbox"/> Financial Statements Prepared for Periods <i>Ending</i> During the Last Three Years. Which Years?:

Demand to Inspect and/or Receive Copies of Company Records	SENSITIVE & PROTECTED RECORDS
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<p><i>Please describe the purpose of your demand to inspect and/or receive copies</i></p> <p><i>Please note that the purpose of record access must be reasonably related to your interest as a member or director of the Company. UCA § 16-6a-1602(4)(b)</i></p>	
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<p><i>Please describe the records to be inspected or copied.</i></p> <p><i>Please be as specific as possible. Note that the records you request must be directly connected with your above-described purpose. UCA § 16-6a-1602(3)(c)</i></p>	
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After your Demand to Inspect and/or Receive Copies of Sensitive and Protected Company Records has been duly reviewed by the Company's custodian of records, you will be notified whether inspection or receipt of copies may be permitted.

Inspection or receipt of copies will take place within five days of presentation of this completed demand at the Company offices.

NOTE: *Any director or member obtaining information from or copies of sensitive and protected Company records may not use such information or copies for any purpose except the purpose given above.*

Signature of Requesting Member		Date	
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<input type="checkbox"/> Approved <input type="checkbox"/> Denied	Signature of Director		Date	
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